



# OHIO LEGISLATIVE SERVICE COMMISSION

Terry Steele

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## Fiscal Note & Local Impact Statement

**Bill:** S.B. 179 of the 132nd G.A.

**Status:** As Introduced

**Sponsor:** Sen. LaRose

**Local Impact Statement Procedure Required:** No

**Subject:** Provides for the dissolution of certain limited liability companies under certain conditions

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The bill provides a mechanism for the Secretary of State to cancel articles of organization for limited liability companies (LLCs). The steps that the Secretary of State is to take to cancel the articles of organization of an LLC under the bill could lead to some small increase in administrative work for the Business Services Division. Currently, there is no direct mechanism for the Secretary of State to cancel the articles of organization for an LLC. Typically, LLC filings account for the largest amount of business filings that are handled by the Secretary of State on a monthly basis. For example, of the slightly more than 10,000 new business filings made in January 2018, nearly 7,100 were related to LLC filings. Most likely, the number of cases in which the Secretary of State would cancel the articles of organization would be relatively small. Any additional cost that the Secretary of State could incur in handling these situations would be paid from the Business Services Fund (Fund 5990).

Under the bill, if an LLC fails to maintain an agent in Ohio as required by law to receive service of process on behalf of the company, or if the LLC or agent fails to notify the Secretary of State of a change of address, the agent must be notified by ordinary or electronic mail that the LLC's articles of organization may be canceled. If the LLC does not obtain an agent, or file a notice of change of address, as applicable, within 30 days after notice is sent, or within a longer period of time if granted, the LLC's articles of organization must immediately be canceled.

The bill also permits the Secretary of State to implement an electronic notification system that allows an individual to request to be notified when a business name containing a word or specific words has been registered. Currently, this information is available to the individual seeking it through a search function on the Secretary of State's website. Any additional IT-related costs that the Secretary of State might incur for implementing an electronic notification system are uncertain. If the Secretary of State chose to create an automatic notification system, the expenses for the project would also be paid from Fund 5990.